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State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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DOGM
MINERALS PROGRAM
FILE COPY

March 22, 1990

Mr. Bruce A. Czyl
Property Insurance Manager
USG Corporation
101 South Wacker Drive
Chicago, Illinois 60606-4385

Dear Mr. Czyl:

Re: Replacement Surety, Irrevocable Letter of Credit, No. _____, Jumbo-Jensen Quarry, M/041/008, Sevier County, Utah

This letter is in response to our receipt and review of your recent replacement reclamation surety for United States Gypsum (USG) Corporation's Jumbo-Jensen Gypsum Quarry. We received a replacement Collateral Bonding & Indemnity Agreement form and a new Irrevocable Letter of Credit (ILOC), No. _____ issued by The Northern Trust Company, Chicago, Illinois. The replacement form and surety have been evaluated by the Division's bonding specialist, Pam Grubaugh-Littig and the following concerns remain to be addressed:

1. There were a number of typographical errors noted in the Collateral Bonding & Indemnity Agreement form. These errors will need to be corrected or a new CB&IA form (copy enclosed) completed by USG Corp.

You will note that this form has been revised somewhat since your company last used this form. We would prefer that the newer form be used, but would accept your latest form provided that the typos could be corrected as required. We have enclosed your original replacement CB&IA form noting the typos requiring correction.

2. Due to an earlier oversight, we failed to inform you that our new rules, specifically, R613-004-113.4 Surety, requires that:

The operator shall submit a completed Reclamation Contract (FORM MR-RC) with the required surety.

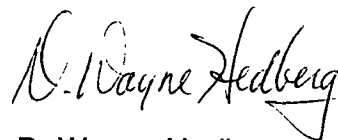
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We have enclosed a copy of the Reclamation Contract form. Please complete all appropriate sections and return it to us at your earliest convenience.

3. Your replacement ILOC is being evaluated by our legal counsel. There may be a minor revision necessary before we can formally present this form of surety before our Board for approval. In the interim we must request that the existing ILOC with First Interstate Bank remain in effect until it is determined if the replacement ILOC will require a change. We should have a decision no later than April 1st.

Please contact me or Pam Grubaugh-Littig if we can answer any questions or help you interpret any of the enclosed forms. Thank you for your cooperation and understanding in completing this permitting action.

Sincerely,



D. Wayne Hedberg
Permit Supervisor/Hydrologist

jb
Enclosures
cc: Lowell Braxton
Pam G.-Littig
WMN/1-2